


# Patent Nation Seminar

## Deep Dive into the AIA Uncovering Immediate and Actionable Steps of the New Patent Law


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A Breakfast Briefing Hosted by Foley & Lardner LLP



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2

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## Foley Discussion Leads



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## Today's Highlights



- Effective Dates
- Prior Art / First-to-File
- Inter Partes Review
- Q&A
- Comments submitted by email are preferred and may be addressed to [aia\\_implementation@uspto.gov](mailto:aia_implementation@uspto.gov).

# Time and Money

By: Lorna Tanner

# Effective Dates

**9/16/2011**

- § 5 – **Prior User Rights** (35 USC 273)
  - Patent issued on or after 9/16/11
- § 6 – **Post Grant Review**
  - New Inter partes reexam standard (35 USC 312)
  - Ex parte appeals eliminated (35 USC 145)
- § 11 – **Fees**
  - “Micro entity”, 15% Surcharge (9/26/11), Accelerated Exam (9/26/11), Paper filing fee (11/15/11)
- § 15 – **Best Mode**
- § 16 – **Marking**, Virtual and Qui Tam
- § 19 – **Jurisdictional and Procedural**
  - Joinder of  $\Delta$  limited (35 USC 306)
- § 22 – **PTO Funding**

**9/16/2012**

- § 4 – **Oath or Declaration** (35 USC 118)
- § 6 – **Post Grant Review Procedures**
  - PTO to make regs for new PGR, limited no. for 4 years
  - New Inter partes Review
- § 8 – **3<sup>rd</sup> party submissions** (35 USC 122(e))
- § 12 – **Supplemental Examination**
- § 18 – **Business Method Patent Review**
- § 35 – **General effective date**

**3/16/2013**

- § 4 – **First to File** – § 102/ § 103
- § 3 – **Derivation**

## Fees \$\$

7

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- Current fees for Patents
  - Made statutory
- Director set fees
  - General power to set fees (effective after rule making)
  - New procedures to provide Director Set Fees
  - Reduced fees
    - Small entity 50%
    - Micro entity (universities) 75%

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## Fees \$\$

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- New or Future Fees
  - Surcharge of 15%
  - Prioritized Examination Fees \$4800 surcharge plus regular fees
  - Electronic Filing Incentive - \$400 for paper apps

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## Track I Prioritized Exam

9

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- Requirements – Final rules published on 9/23/11
  - Application
    - Original utility or plant
    - No international, design, reissue, or reexam
    - File electronically
  - \$4800 surcharge
    - Small entity deduction applies
  - Claim Limitations – 4 or fewer and 30 total
  - Prior art
    - No search or comment required
    - Good knowledge of prior art
  - Form PTO/SB/424 recommended
  - Prosecution
    - Time to respond to OA, MPEP 710.02(b)
    - Final rejection, NOA, or RCE terminates special status
  - Regs to be provided
- PTO GOAL – 12 months from app to patent

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## What to do now?

10

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- Patent prosecution highway and US prioritized app
- Evaluate invention disclosures and pending apps
- Become familiar with requirements
- Consider drafting new apps consistent with rules
- Budget for new expenses
- File electronically

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## Best Mode

11



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- Still required to include under § 112
- However, failure to disclose no longer a ground for invalidity or unenforceability
  - For new proceedings filed after effective date
  - Validity/Infringement suits, cancellation proceedings, interferences???
- What about § 119(e) and § 120 best mode compliance?
  - Section 15 eliminates best mode requirement for priority
- Still required but no penalty to Applicant for not?

## Best Mode & Examination

12



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- What is the impact on examination practice?
  - No change to current examination practices
  - According to PTO on 9/20/2011...
    - As this change is applicable only in patent validity or infringement proceedings, it does not alter current patent examining practices set forth in MPEP 265 for evaluation of an application for compliance with the best mode requirement of 35 USC §112
  - Eliminates best mode defense in litigation
    - Simplify litigations?

## New Post Grant Procedures Effective Dates



13

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- Post Grant Review – PTO must establish system for post-grant review by September 16, 2012
- Only patents with a **priority date** after March 15, 2013 will be covered
- Exception: “Covered business methods” under SEC. 18 and possibly the subject of pending interferences, if rulemaking permits

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## Inter Partes Review Effective Date



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- “Inter Partes Review” is of *immediate* impact because it will be **retroactively** available against **all patents now in force** as from September 16, 2012 (except recently granted patents which can be challenged only nine months after grant).

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## Effective Dates of First to File

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- Effective date March 16, 2013
- Confirm that claims in continuing apps have support in pre-AIA app
- Otherwise, the continuing app (and any subsequent continuing apps filed) will fall under first-to-file

**The New, -- New**  
**By: Antoinette Konski**

16

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# Inventorship

17

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- Section 116 – Inventors
  - Joint invention is defined in subsection (a) as persons who made an invention jointly, they did not physically work together, did not make the same type or amount of contribution, or did not make a contribution to the subject matter of each claim.
  - Sections 100(f) and (g) define joint inventors.
  - Evidence of collaboration no longer appears to be an element of joint inventorship.

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# Novelty and Obviousness, Generally

18

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- New 35 USC 102 is applicable to any application or patent NOT entitled to a priority before March 16, 2013.
  - New law applies if application AT ANY TIME, contained a claim not entitled to an effective filing date before March 16, 2013.
  - New law applies if application AT ANY TIME, made a priority claim to an application not entitled to an effective filing date before March 16, 2013, even when the priority claim was later canceled.
- New law does not segregate patent-defeating activities between “inventor” and “non-inventor.”
- Only ***disclosures made 1 year or less*** of the inventor, joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or joint inventor, in the period one year prior to the filing date, are exempt from prior art.

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## Novelty & Obviousness Generally



- 35 USC 102(f) and (g) have been replaced with derivation proceedings.
- Invention date no longer available to establish inventive priority.

## Categories of Prior Art



- Printed non-patent publications
- Public use
- Patent applications: published and unpublished
- On sale bar

## Printed Non-Patent Publications

21

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- AIA maintains printed publication, before the effective filing date, as prior art:
  - Published in USA or a foreign country.
  - Encompasses any permanent form of disclosure, including e-pubs, emails sent to a group of workers skilled in the art without any secrecy restrictions.

## Public Use

22

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- Public use is the same as prior law
  - Any public use of the claimed invention by a person other than the inventor who is under no limitation, restriction, or obligation of secrecy to the inventor.

## On Sale

23

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- AIA expands patent-defeating on sale activities from US only to on sale activities anywhere in the world.
- Recall, an invention need not be ready for patenting, for the sale of an invention to trigger an on sale bar.
  - Example: conception of compound structure; sale and then reduced to practice by conventional techniques.

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## Published Applications

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- AIA recognized prior filed, later-published applications as prior art, as of the earliest effective filing date.
- This includes foreign filed applications, which effectively overrules *In re: Hilmer*, 359 F.2d 859 (CCPA 1966).

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## Obviousness

25

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- AIA's broadened scope of prior art to include activities anywhere in the world.
- Determines prior art as of the effective filing date of claimed invention, (not at the time the invention was made) – this will broaden available prior art.
- 3<sup>rd</sup> party's prior filed but later published application is prior art (as of the earliest effective filing date) for purpose of obviousness, which is inconsistent with the law outside of the US.

## Exceptions to Prior Art

26

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- An inventor's, joint inventor's own disclosure, or one who obtained subject matter from inventor, if within one year of the effective filing date.
- Disclosure was made by 3<sup>rd</sup> party, but itself was preceded by a disclosure by the inventor, joint inventor or one who obtained the subject matter from the inventor or joint inventor.
- Unclear if sale or public use are exempted from prior art.

## Exceptions to Prior Art

27

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- A disclosure in a patent or application is not prior art under 102(a)(2) if:
  - the subject matter was obtained from the inventor or joint inventors;
  - the subject matter had been disclosed by the inventor, joint inventor or one who obtained it from them, before the effective filing date; or
  - the disclosed subject matter is commonly owned or subject to an obligation of assignment to the same entity, before the effective filing date.

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## Joint Inventors & Common Ownership

28

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- Section 100 (f) The term “inventor” means ... if a joint invention, the individuals collectively who invented ... the subject matter of the invention.
- New definition of joint inventor omits the element of collaboration, which had been required by case law, *see Kimberly-Clark Corp. v. Procter & Gamble Distributing Co. Inc.*, 973 F.2d 911 (Fed. Cir. 1992).
- Ambiguity in AIA that will be addressed in future proceedings.
- If collaboration is NOT required, then applications of similar technology can be combined to avoid prior art effect of prior filed application.
- Section 102(b)(2)(A): “A disclosure shall not be prior art to a claimed invention [as a prior filed application] if ... subject matter disclosed was obtained directly or indirectly from ...a joint inventor[.]”
- Section 102(b)(2)(C): A prior filed, later published application is not prior art if the applications were commonly owned, or subject to an obligation of assignment to the same person.

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## Recommendations

29

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- Educate inventors/staff of the new law.
- Not a “first-to-publish” environment, publication will forfeit most non-US rights.
- Document, document, document - inventor relationships and correspondence.
- Try to avoid cover letter provisionals.

## Who's Invited to the Party?

**By: Lauren Stevens**

30

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# Comparison of Post Issuance Procedures



31

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	<b>Ex Parte Reexam</b>	<b>Inter Partes Reexam</b>	<b>Post-Grant Review</b>	<b>Inter Partes Review</b>
Timing	After grant	After grant – until Sept. 16, 2012  Current cases will continue	Within 9 months of grant	Later of 9 months from grant or PGR
Threshold	Substantial new question of patentability	Reasonable likelihood as of Sept. 16, 2011	More likely than not or important novel/unsettled legal question	Reasonable likelihood
Grounds	Patents and printed publications	Patents and printed publications	Issues relating to invalidity	Patents and printed publications; expert opinion and declarations
Strawman?	Yes	No	No	No

# Comparison of Post Issuance Procedures (cont'd)



32

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	<b>Ex Parte Reexam</b>	<b>Inter Partes Reexam</b>	<b>Post-Grant Review</b>	<b>Inter Partes Review</b>
Decision Maker	CRU	CRU	Board	Board
Speed	Long	Long	1 to 1.5 years	1 to 1.5 years
Estoppel	None	Raised or could have been raised	Raised or could have been raised	Raised or could have been raised
Discovery / Evidence	Declaration	Declaration	Declaration and discovery “in interest of justice”	Declaration and discovery “in interest of justice”
Appeal	Only patentee  To Board then Federal Circuit	Both parties  To Board then Federal Circuit	Both parties  Federal Circuit	Both parties  Federal Circuit



## IPR Process: The Petition

33

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- Petition must identify
  - All real parties in interest
  - Each claim challenged
  - Ground for each challenge
  - Supporting evidence
    - Copies of patents and publications
    - Affidavits or declarations of supporting evidence and opinions
- Preliminary response by patentee to petition permitted

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## IPR Process: Threshold

34

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- Petitioner must establish:
  - “**reasonable likelihood** that the petitioner would prevail with respect to at least 1 of the claims challenged”
  - Replaces old “substantial new question”
- Based on
  - Patents and printed publications
  - Issues of anticipation and/or obviousness
- Director decision to institute proceeding final and non-appealable

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## IPR Process: Response

35

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- Patentee's response includes "through affidavits or declarations, any additional factual evidence and expert opinions" on which the patent owner's response relies
- May file 1 motion to amend the patent
  - Cancelling any challenged claim
  - Proposing "reasonable number of substitute claims" for each challenged claim
- Additional motions to amend permitted
  - For "good cause" shown by patentee
  - By joint request of petitioner and patentee to "materially advance. . . settlement"
- Petitioner has "at least 1 opportunity to file written comments" after petition

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## IPR Process: Discovery

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- Discovery of "relevant evidence"
  - Depositions of witnesses submitting affidavits or declaration
  - Whatever is "otherwise necessary in the interest of justice"
- Sanctions for abuse of discovery, abuse of process, or improper use of proceeding
- Protective orders
- Any information submitted by patent owner in support of any amendment entered publically available

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## IPR Process: Miscellaneous

37



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- Oral hearing
- Joinder: PTO may consolidate multiple IPRs
- PTO may stay, transfer, consolidate or terminate PTO proceedings

## IPR Process: Appeal

38



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- No opportunity for presentation of additional evidence after PTAB has made its decision
- No provision for a trial de novo under 35 USC § 145
- Appeal to the Federal Circuit on fact-based obviousness issues under “substantial evidence” standard
  - If some evidence to support the position of the winning party (“more than a scintilla” of evidence), the Federal Circuit must affirm PTAB

## IPR Process: Estoppel

39

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- Petitioner may not assert in district court litigation or ITC proceeding that a claim is invalid on ground petitioner raised or reasonably could have raised during review resulting in a final decision
- Estoppel only runs one way – issues raised or that could have been raised in litigation can still be relied on for IPR

## IPR Process: Settlement

40

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- Estoppel only applies if IPR results “in a final written decision”
  - If review is terminated, no estoppel
- Absolute right to settle and terminate IPR prior to merits decision
- Settlements must be filed with the Office
  - Confidentiality is possible

## Intervening Rights

41

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- *Marine Polymer v. Hemcon* (Fed. Cir. Sept. 26, 2011)
  - Narrowed claim interpretation during reexam of a single limitation
    - Absolute intervening rights for pre-reexam infringement
    - Potential equitable intervening rights to recoup investment
  - Remanded for determination of equitable intervening rights

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## Equitable Intervening Rights

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- 35 U.S.C. 252
  - To the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant
- 3 options – *Seattle Box v. Industrial Crating* (Fed. Cir. 1984)
  - Confine the infringer to the use of those infringing items already in existence
  - Permit the infringer to continue in business under conditions that limit the amount, type, or geographical location of its activities
  - Permit the infringer to continue in business unconditionally

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## Relation to Litigation

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- Infringer's lawsuit
  - IPR barred if petitioner previously brought civil action challenging validity of a relevant claim
    - Counterclaim of invalidity does not qualify as a civil action challenging validity
  - If petitioner files suit after submitting a petition, civil action is automatically stayed until patent owner:
    - Patentee asks court to lift stay, files infringement action or moves to dismiss civil action
- Patentee lawsuit
  - No IPR if IPR petition is filed >1 year after petitioner is served a complaint alleging infringement

## Strategic Considerations

44

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- PGR vs. IPR
  - No post-grant review (PGR) on claims “confirmed” in reissue
  - Different threshold
    - “more likely than not” vs. “reasonable likelihood”
  - Timing

## Strategic Considerations

45

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- Inter Partes Reexam vs. IPR
  - Availability?
    - Current inter partes reexam available only for patents on applications filed on or after Nov. 29, 1999
  - Graduated implementation of IPR
    - If quota is reached, a requester could be completely blocked from using IPR
  - Ability to settle and terminate IPR
  - Limited right to depose expert declarants in IPR
  - Estoppel as to ITC actions (in addition to litigation) in IPR but not in inter partes reexam

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## Take Home Messages

46

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- Prepare, prepare, prepare
- Consider options
- Screen own portfolio and “bulletproof” against a third party attack
  - Collect *KSR*-based evidence
  - Retain experts
- Screen competitors’ portfolios to determine which of their patents are important and vulnerable
  - Be prepared to file September 16, 2012

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Questions?

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